



General Assembly

January Session, 2003

Proposed Bill No. 5080

LCO No. 333

Referred to Committee on Banks

Introduced by:

REP. STRIPP, 135th Dist.

AN ACT CONCERNING DISCLOSURES BY MORTGAGE SERVICING COMPANIES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 That part VII of chapter 669 of the general statutes be amended to
2 (1) require that, at least twenty-four hours before the closing of a first
3 mortgage loan, as defined in section 36a-705 of the general statutes, on
4 residential property located in this state, the mortgage lender, as
5 defined in said section 36a-705, shall notify the mortgagor of the name
6 and mailing address of the mortgage servicing company, as defined in
7 section 36a-715 of the general statutes, if any, that will receive
8 payments of interest and principal in connection with the mortgage, (2)
9 require that, if the mortgage servicing company that receives payments
10 of interest and principal in connection with any first mortgage loan
11 changes, (A) the mortgage servicing company that will assume
12 responsibility for servicing the first mortgage loan shall notify the
13 mortgagor at least sixty days prior to assuming responsibility for
14 servicing the mortgagor's loan of such company's name and mailing
15 address, and shall provide all information required to be provided to a
16 mortgagor pursuant to subdivision (3) of this section, (B) said

17 mortgage servicing company, at least thirty days prior to assuming
18 responsibility for servicing the mortgagor's loan, shall notify the
19 Commissioner of Banking, in electronic format, as specified by the
20 commissioner, and (C) if any such mortgage servicing company fails to
21 provide notice to either the mortgagor, the commissioner, or both, such
22 mortgage servicing company shall be prohibited, for twelve months
23 from the date that such company assumes responsibility for servicing
24 such mortgage, from charging the mortgagor any fees other than the
25 principal and interest payments and any late fees as specified in the
26 original mortgage document, (3) require that each mortgage servicing
27 company that receives payments of interest and principal in
28 connection with a first mortgage loan on residential property located
29 in this state shall provide to the mortgagor (A) a schedule of fees that
30 may be imposed upon the mortgagor by the company, (B) notice of
31 any inspections to be performed by or for the benefit of the company
32 which will be charged to the mortgagor, (C) the circumstances in
33 which the mortgagor may be responsible for payment of attorney's
34 fees for services provided to the company and a schedule of such fees,
35 (D) any company requirements concerning insurance to be carried by
36 the mortgagor, and any company policy that permits the company to
37 obtain such insurance for the mortgagor and charge the mortgagor for
38 said insurance if the mortgagor is unable to obtain such insurance, (E)
39 a street address to which the mortgagor may send correspondence, (F)
40 a local or toll-free phone number that the mortgagor may call with
41 questions or complaints, (G) the real estate brokerage fees which may
42 be realized by the company in the event of foreclosure, and (H)
43 notification of any change in information previously provided
44 pursuant to subparagraphs (A) to (G), inclusive, of this subdivision,
45 and (4) authorize the Commissioner of Banking to refer to the Chief
46 State's Attorney any mortgage servicing company that, in the
47 commissioner's opinion, has systematically and flagrantly violated the
48 provisions of subdivision (2) or (3) of this section, for prosecution
49 pursuant to chapter 949c of the general statutes; and that section 53-394
50 of the general statutes be amended by adding to the definition of

51 "racketeering activity" the systematic and flagrant violation of
52 subdivision (2) or (3) of this section.

Statement of Purpose:

To provide information to consumers about fees and procedures of mortgage servicing companies.